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INCLUDED IN THIS ISSUE

Annual Milk Production Pecans ERS Weather Summary

Available on internet at: www.nass.usda.gov/nm OR by e-mail: (call 1-800-530-8810 for information)

DECEMBER MILK PRODUCTION

NEW MEXICO: Milk production in New Mexico during December totaled 406 million pounds, up 8.6 percent from production in December 1998. The average number of milk cows, at 236,000 head, was up 18,000 head from last December. Milk production per cow averaged 1,720 pounds per cow, compared to 1,660 pounds per cow in November and 1,715 pounds per cow one year earlier. New Mexico ranked 10th nationally in milk production during December.

UNITED STATES: Milk production in the 20 major States during December totaled 11.9 billion pounds, up 3.8 percent from production in these same States in December 1998. November revised production, at 11.3 billion pounds, was up 4.5 percent from November 1998. The November revision represented an increase of 0.1 percent or 11 million pounds from last months preliminary production estimate. Production per cow in the 20 major States averaged 1,536 pounds for December, 47 pounds above December 1998. The number of cows on farms in the 20 major States was 7.76 million head, 52,000 head more than December 1998 and 2,000 head more than November 1999.

Milk Cows and Production: November 1999[1/] and December 1998-1999

	Milk Cows[2/]			Milk per Cow[3/]			Milk Production[3/]		
State	12/98	11/99	12/99	12/98	11/99	12/99	12/98	11/99	12/99
	----------1,000 Head----------			----------Pounds----------			----------Million Pounds----------		
AZ	132	135	135	1,795	1,755	1,830	237	237	247
CA	1,439	1,483	1,486	1,650	1,715	1,775	2,374	2,543	2,638
FL	157	156	156	1,320	1,110	1,315	207	173	205
ID	301	329	331	1,660	1,680	1,730	500	553	573
IL	125	121	121	1,420	1,330	1,430	178	161	173
IN	137	137	138	1,390	1,275	1,355	190	175	187
IA	230	215	215	1,505	1,420	1,495	346	305	321
KY	136	131	131	1,030	1,000	1,060	140	131	139
MI	299	294	295	1,525	1,495	1,595	456	440	471
MN	545	545	540	1,475	1,380	1,500	804	752	810
MO	165	160	159	1,200	1,140	1,225	198	182	195
NM	**218**	**236**	**236**	**1,715**	**1,660**	**1,720**	**374**	**392**	**406**
NY	702	700	700	1,400	1,360	1,440	983	952	1,008
OH	261	259	259	1,400	1,380	1,430	365	357	370
PA	619	618	619	1,435	1,420	1,480	888	878	916
TX	340	348	348	1,400	1,290	1,395	476	449	485
VT	162	161	161	1,420	1,335	1,440	230	215	232
VA	122	121	120	1,270	1,315	1,350	155	159	162
WA	248	245	246	1,805	1,805	1,885	448	442	464
WI	1,370	1,364	1,364	1,410	1,335	1,405	1,932	1,821	1,916
20 STS	**7,708**	**7,758**	**7,760**	**1,489**	**1,459**	**1,536**	**11,481**	**11,317**	**11,918**

1/ Revised. 2/ Includes dry cows, excludes heifers not yet fresh. 3/ Excludes milk sucked by calves.

PECAN PRODUCTION

NEW MEXICO: The State's 1999 pecan crop is expected to reach 50 million pounds, 18 million pounds greater than last year's reduced crop. If realized, this would be a record production. Average price per pound dropped to $1.00 for a value of production of 50 million dollars, 5 percent higher than last year.

UNITED STATES: Pecan production was estimated at 325 million pounds, up 122 percent from the previous year. Pecan value, at 274 million dollars, increased 54 percent.

Pecans: Utilized Production, Price by Variety, and Value of Production, 1998-99

Crop and State	Utilized Production		Price Per Pound		Value of Production	
	1998	1999	1998	1999	1998	1999
	--------1,000 Pounds-------		----------Dollars----------		-------1,000 Dollars-------	
Improved Varieties[1/]						
AL	3,500	8,000	0.954	0.780	3,339	6,240
AZ	13,000	19,500	1.590	1.250	20,670	24,375
AR	300	760	1.150	0.790	345	600
CA	1,700	2,400	1.660	1.170	2,822	2,808
FL	200	1,500	1.100	1.000	220	1,500
GA	35,000	80,000	1.240	0.870	43,400	69,600
LA	3,000	4,000	1.000	0.950	3,000	3,800
MS	800	3,000	0.870	1.050	696	3,150
NM	**32,000**	**50,000**	**1.490**	**1.000**	**47,680**	**50,000**
NC	1,500	1,000	1.000	0.800	1,500	800
OK	200	3,000	1.220	1.050	244	3,150
SC	800	800	1.240	0.730	992	584
TX	20,000	55,000	1.300	1.010	26,000	55,550
U.S.	**112,000**	**228,960**	**1.350**	**0.970**	**150,908**	**222,157**
Native & Seedling						
AL	1,500	5,000	0.674	0.480	1,011	2,400
AR	250	3,040	0.880	0.700	220	2,128
FL	1,100	1,400	0.750	0.600	825	840
GA	5,000	10,000	1.110	0.650	5,550	6,500
KS	50	3,500	0.880	0.920	44	3,220
LA	13,000	14,000	0.600	0.500	7,800	7,000
MS	400	1,000	0.660	0.550	264	550
NC	1,000	300	0.800	0.600	800	180
OK	1,800	32,000	0.680	0.500	1,224	16,000
SC	300	300	1.020	0.680	306	204
TX	10,000	25,000	0.850	0.500	8,500	12,500
U.S.	**34,400**	**95,540**	**0.772**	**0.539**	**26,544**	**51,522**
All Pecans						
AL	5,000	13,000	0.870	0.665	4,350	8,640
AZ	13,000	19,500	1.590	1.250	20,670	24,375
AR	550	3,800	1.030	0.718	565	2,728
CA	1,700	2,400	1.660	1.170	2,822	2,808
FL	1,300	2,900	0.804	0.807	1,045	2,340
GA	40,000	90,000	1.220	0.846	48,950	76,100
KS	50	3,500	0.880	0.920	44	3,220
LA	16,000	18,000	0.675	0.600	10,800	10,800
MS	1,200	4,000	0.800	0.925	960	3,700
NM	**32,000**	**50,000**	**1.490**	**1.000**	**47,680**	**50,000**
NC	2,500	1,300	0.920	0.754	2,300	980
OK	2,000	35,000	0.734	0.547	1,468	19,150
SC	1,100	1,100	1.180	0.716	1,298	788
TX	30,000	80,000	1.150	0.851	34,500	68,050
U.S.	**146,400**	**324,500**	**1.210**	**0.843**	**177,452**	**273,679**

[1/] Budded, grafted, or topworked varieties.

Rising Milk Production Restrains Prices

USDA, ERS, Agricultural Outlook

Gains in milk production appear to be overtaking strong demand for dairy products as prices slid in recent months. Farm-level milk prices in 1999 are projected to fall an average 7 percent from 1998's record, a very moderate decline given the large rise in production. Mid-November cheese prices had plunged almost 45 percent from the late-August record. However, this drop, like the preceding price peak, may be an overreaction, and cheese prices may recover slightly.

July-September milk cow numbers interrupted a fairly constant trend by posting an unusual increase from a year earlier, even if the rise was only fractional. Relatively strong returns to milk production over the last 3-4 years have encouraged financially stronger producers to expand and have modestly slowed the exit of weaker farmers. The most dramatic effect has been in the West, where recent strong returns, ample supplies of alfalfa hay, and lower priced concentrate feeds have supported a substantial increase in milk cow numbers.

Summer milk production rose more than 3 percent from a year earlier. Milk per cow was boosted 3 percent by very favorable milk-feed price ratios, although the gains came from a relatively weak quarter of 1998. Producers had ample incentive to push milk per cow with additional feeding of grains and other concentrates. Mediocre-quality alfalfa hay was plentiful and much cheaper than in recent years, and significant weather stress was relatively uncommon.

Milk output expansion is expected to continue through 2000. Ample feed and the returns of recent years may sustain the growth, although lower milk prices and uncertainties related to government program changes are projected to slow production increases slightly. Milk production is expected to grow 2 percent in 2000, following a 3-percent rise this year.

Sales of dairy products, particularly cheese, continue to grow briskly despite sharply higher prices since mid-1998. Most of this demand strength can be attributed to brisk growth in the general economy and in consumer incomes. However, recent demand growth may have another catalyst. Dairy demand in 1996 and 1997 did not meet expectations generated by overall economic growth, and demand during the last 2 years may be catching up with economic growth that spans a longer period.

Dairy demand should stay strong so long as the economy continues to grow and consumer spending is brisk. During the rest of 1999 and in 2000, commercial use of dairy products is expected to grow substantially at prices above most of those in the 1990's. Restaurant use, sales of premium products using dairy ingredients, and sales for entertaining (such as cheeses and dips) may be particularly strong.

Nonfat dry milk contracts under the Dairy Export Incentive Program (DEIP) were heavy this spring and summer. Essentially all of the reallocated tonnage from earlier years has been filled, plus more than half the allocations for the July 1999-June 2000 year. Many recent bids have been for smaller bonuses (subsidies) than earlier in the year, even though domestic and international prices have changed little. Some buyers who prefer buying from the U.S. may have wanted to ensure getting their share of this year's rapidly dwindling DEIP allocations.

Brisk DEIP exports were not enough to clear the surplus of nonfat dry milk, and sales to USDA under the price support program continue. During the marketing year that ended in September, net government purchases totaled 172 million pounds. Total net removals for price support, including DEIP removals, amounted to about 450 million pounds. The price-support purchase program, once scheduled to end with 1999, was recently extended for 1 more year. The nonfat dry milk surplus in 2000 probably will be similar to this year's with sizable removals of nonfat dry milk but very little removals of cheese or butter.

In the wake of substantial growth in both milk production and demand, large swings in milk and milk product prices have been triggered this year by relatively minor adjustments in pipeline stocks and price expectations. Cheese prices shot from about $1.20 per pound (40-pound blocks of Cheddar on the Chicago Mercantile Exchange) in mid-May to $1.97 in late August, mostly because of rising cheese sales and concerns about inadequate pipeline stocks to meet second-half needs, augmented by fears of low warehouse stocks. Memories of 1998 experiences with short supplies and high prices may have prompted some buyers to be particularly aggressive about ensuring full supplies in advance. Once the concerns started to ease, cheese prices dropped to mid-November's $1.12.

Dairy production gains likely will exceed demand growth during the remainder of 1999 and into early 2000, generating farm milk prices much below those of a year earlier or last summer. However, prices may remain volatile. The price decrease in 2000 probably will be larger than 1999's, with prices possibly dipping 8 to 12 percent. First-half prices in 2000 will be somewhat weak. During the second half of 2000, prices are forecast to recover as increases in milk production start to abate and demand growth remains firm.

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WEATHER SUMMARY

It was another warm, dry winter week in New Mexico. Temperatures averaged a whopping 12 degrees above normal for the week. Afternoon readings reached as high as the 80s in the southeast and 50s at the highest elevation stations. No precipitation fell during the week.

NEW MEXICO WEATHER CONDITIONS JANUARY 17-23, 2000

	Temperature			Precipitation				
Station	Mean	Maximum	Minimum	01/17 01/23	01/01 01/23	Normal Jan	01/01 01/23	Normal Jan-Jan
Carlsbad	57.3	85	31	0.00	0.02	0.35	0.02	0.35
Hobbs	55.4	81	29	0.00	0.00	0.37	0.00	0.37
Roswell	53.3	80	31	0.00	0.00	0.35	0.00	0.35
Clayton	46.1	70	21	0.00	0.00	0.24	0.00	0.24
Clovis	53.4	76	27	0.00	0.00	0.39	0.00	0.39
Roy	46.4	65	28	0.00	0.00	0.34	0.00	0.34
Tucumcari	51.2	78	24	0.00	0.00	0.28	0.00	0.28
Chama	37.4	54	16	0.00	0.68	1.77	0.68	1.77
Johnson Ranch	37.1	61	10	0.00	0.11	0.67	0.11	0.67
Capulin	37.9	63	8	0.00	0.02	0.40	0.02	0.40
Las Vegas	47.4	70	26	0.00	0.00	0.32	0.00	0.32
Los Alamos	42.3	59	26	0.00	0.07	0.86	0.07	0.86
Raton	40.1	65	16	0.00	0.00	0.47	0.00	0.47
Santa Fe	41.7	64	17	0.00	0.00	0.63	0.00	0.63
Red River	36.1	53	19	0.00	0.34	1.07	0.34	1.07
Farmington	43.6	61	16	0.00	0.09	0.59	0.09	0.59
Gallup	40.6	67	10	0.00	0.09	0.80	0.09	0.80
Grants	40.7	65	12	0.00	0.04	0.49	0.04	0.49
Silver City	49.7	71	26	0.00	0.00	1.16	0.00	1.16
Quemado	36.5	63	12	0.00	0.13	0.48	0.13	0.48
Albuquerque	47.6	67	25	0.00	0.16	0.44	0.16	0.44
Carrizozo	48.1	71	24	0.00	0.00	0.60	0.00	0.60
Gran Quivera	47.6	66	27	0.00	0.02	0.70	0.02	0.70
Moriarty	42.1	67	14	0.00	0.00	0.43	0.00	0.43
Ruidoso	44.8	65	23	0.00	0.00	1.12	0.00	1.12
Socorro	47.0	74	24	0.00	0.00	0.39	0.00	0.39
Alamogordo	50.8	73	30	0.00	0.00	0.67	0.00	0.67
Animas	54.7	76	35	0.00	0.00	0.68	0.00	0.68
Deming	53.2	79	30	0.00	0.03	0.56	0.03	0.56
T or C	52.6	76	32	0.00	0.00	0.46	0.00	0.46
Las Cruces	53.0	78	30	0.00	0.00	0.46	0.00	0.46

(T) Trace (-) No Report (*) Correction

All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.